

Management Committee Offsite

The Woodlands Resort & Conference Center
Lakeside Room, located in the South Wing

Agenda

Thursday, September 6

7:00 p.m.	Cocktails	
7:30 p.m.	Dinner/Working Session	
	Business Unit Reviews	All business unit leaders 10 minutes each

Friday, September 7

7:15 a.m.	Breakfast Buffet	
8:00 a.m.	Working Session	
8:00 - 9:00 a.m.	Culture	Olson, Tilney
9:00 - 10:00 a.m.	Image and Reputation	Kean, Koenig, Tilney, Palmer
	- How Do We Define Enron?	All
10:00 - 11:30 a.m.	Third Quarter Issues	Whalley/Causey
11:30 - 12:30 p.m.	Lunch	
12:30 - 1:30 p.m.	Cash/Funds Flow	Fastow
1:30 - 2:30 p.m.	Risk Management - How Do We Avoid Repeating the Failures of the Past	All
2:30 - 3:00 p.m.	Break	
3:00 - 4:00 p.m.	International Asset Sales Plans	Fastow
4:00 - 4:30 p.m.	Issues in Power Markets (Wholesale vs. Retail)	Dietrich
4:30 - 5:00 p.m.	Retention and Compensation	All
	- New Businesses	
5:00 - 5:30 p.m.	Aviation	Kean

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Crim No. H-04-0025

Topics suggested at previous Management Committee meetings

- RAC
- Culture
 - vision and values
 - diversity
- PRC reforms
- Business reviews
 - update
 - prospects for '02

Greg Whalley:

Third quarter issues - EBS, Azurix, New Power, accounting issues, etc.

Ray Bowen:

- Plan, time frame and expected results from sales of international assets.
- Internal Messaging regarding our international assets: What do we plan to sell; when do we expect to sell; how do we define success? How important is it that we get them sold quickly?

Jim Derrick

The PRC Process (How do we improve it?)

Employee Diversity (How do we enhance it?)

Employee Morale (How do we improve it?)

Enron Values (Are we practicing them?)

Janet Dietrich

Regulatory issues in power markets (what should we advocate and how can we reconcile differences between wholesale and retail interests).

Mark Haedicke

Review of legal risk management.

Steve Kean:

We pride ourselves on our risk management skills yet we continue to have significant "blow ups" that sap our earnings power and divert management attention. I think we should review the causes behind some of these and discuss what steps to take to avoid these problems in the future. Examples include:

- Azurix
- International investments
- EES (until now)
- EBS
- New Power
- PGE (we actually got lucky here, not smart)
- J Block

Hypothesis: We manage risk superbly in our day-to-day trading activities but not well at all in some of our major investments and in some of our new businesses. We tend to "hype" our businesses before they are proven. On the one hand, this drives people in those businesses to deliver. On the other hand, it pressures us to look for ways to show better numbers, to staff up more than justified, to press the existing control structure and to sign and announce any (even bad) deals. Also, perhaps we don't hold some of our larger investments to the same standards and discipline we apply to our smaller investments. Our "strategic" investments don't do particularly well.

Louise Kitchen:

The upcoming management conference will be an important one in light of all the changes. Let's discuss what we want to get across to our VPs there.

John Lavorato

- How to run our new businesses. (Equity ownership in new business or our current method of including those employees in the Enron Comp plan)
- What are we?
 - A. Not a trading company
 - B. Much more than a trading company
 - C. Simply a trading company
 - D. A customer service company which unfortunately requires having a few traders around.

John Sherriff

Would stay away from a general reporting on what is happening if at all possible - and focus on a few things we really need to work on as well as a few things we should remind ourselves are going quite well. If we only focus on the problems I fear the group will walk away a bit demoralized.

Second - I think we should move to many things getting driven by subcommittees of the Management committee. And then the recommendations sometimes being approved by the Management committee.

Here are a few subjects that we should touch on and initiate debate but not try and solve - get them started and turn over to a subcommittee:

PRC process

Diversity

Giving the right signal to our business about the value and cost of capital

What new businesses do we have going?

Is now the right time for Xcelerator?

More detailed external financial reporting

How do we describe ourselves to the outside world and inside world? What messages do we want to modify?

What are the characteristics where our business model works and doesn't work?

How well is our RAC process really working?

We are a business where our biggest cost is people and that cost has blown out during the last few years - do we need to think about our biggest cost any differently than we did five years ago?

How challenged are we really in getting substantial credit for Enron now that it our credit spreads.

Enron's normal new business mindset has been to overwhelm an opportunity - EBS, EES, power. When this works it really pays off but in today's financial markets is a more conservative approach warranted?